

VI Other Factors

A. Summary of Comment

The Department may not merely measure the extent of the progress Russia has made to date toward a market oriented economy, but must measure whether Russia has made sufficient progress to have its NME status revoked under U.S. antidumping law. The Department must conduct its analysis of this matter within the context of the precedents established in earlier NME revocations. It is clear that, compared to the conditions in the countries that did have their NME status revoked, Russia has not yet satisfied the Department's standard for market economy status.

B. Russia Cannot Be Considered a Market Economy Under U.S. Antidumping Law

There is no doubt that Russia has made progress in the formidable task of re-orienting its economy toward market principles since the collapse of the Soviet Union. It is not a question of just measuring the distance Russia has traveled, however, but a question of whether it has traveled far enough. In other words, has Russia reformed its economy sufficiently to meet the threshold requirements for market economy status under U.S. antidumping law? It is a matter of fundamental fairness to the former NME countries and those currently in transition, and particularly to the U.S. industries that are currently obtaining and may seek in the future relief from unfair trade in Russian products, to weigh the evidence of Russia's progress within the framework established by earlier Department revocation determinations.

Russia is not merely a difficult place to do business. Rather, the government is still fundamentally involved in setting prices, allocating resources, and controlling labor. It has failed and even at times explicitly chosen not to make crucially needed structural reforms that are

necessary for its economy to function on market principles. The business environment is still remarkably hostile to foreign investment. This failure of reform – of the legal and economic structure as well as the attitudes of government and business – has been noted by the international market at the simplest and most eloquent level: investors have chosen to take their money elsewhere. The massive capital flight that has plagued Russia demonstrates that even its own citizens do not believe in their economy and will, through legal or illegal means, protect their assets somewhere else rather than invest in Russia.

The Department should take note in reviewing the many sources of information cited in this submission that many of the conclusions concerning Russia's failure to date to transition to a market economy come from recent and thorough analyses of the Russian situation by various U.S. government agencies, including the Department of State, the Energy Department, the CIA, and the Department of Commerce itself. The Department should give significant weight to its own recent conclusions, as well as to those of other federal agencies that carefully follow the important issues of Russian economic transition.

In sum, Russia has not satisfied the Department's standards for revocation of its NME status. Its progress in reforming its economy toward market principles, as measured by each of the statutory factors, falls far behind the progress attained by the Czech Republic, Hungary, Latvia, Poland and Slovakia at the time the Department revoked their NME status. Therefore, Russia cannot yet qualify for market economy status under U.S. antidumping law.